



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012


MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 10, 2004

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TO: Louisa Ollague, Legislative Deputy, First Supervisorial District
Clinton Tatum, Senior Deputy, Second Supervisorial District
Brence Culp, Budget Deputy, Third Supervisorial District
Stacey Roa, Deputy, Fourth Supervisorial District
Angela Mazzie, Budget Deputy, Fifth Supervisorial District

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: AGENDA ITEM NO. 44 FOR NOVEMBER 16, 2004 -
RECOMMENDATION TO APPROVE AMENDMENT NUMBER TWO TO
AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS,
INC., TO PROVIDE AN UPGRADE TO THE REMITTANCE
PROCESSING AND IMAGE ARCHIVE SYSTEM

The Treasurer and Tax Collector (TTC) has filed the attached Board letter for the Board of Supervisors' meeting of November 16, 2004 recommending approval of Amendment Number Two to Agreement Number 72748 with Wausau Financial Systems, Inc., (WFS) for the provision of a hardware and software upgrade (Upgrade), associated ongoing hardware and software maintenance, and a provision for the purchase of additional user licenses, for the Treasurer and Tax Collector (TTC) Remittance Processing and Image Archive/Optima 3 IMS System.

Amendment Number Two (Amendment) to the WFS Agreement (Agreement) will provide for system hardware and system software Upgrade to the Remittance Processing component of the System necessitated by manufacturer upgrades, obsolete products and discontinued technical support services. Effective January 1, 2005, Microsoft, Inc., will no longer support the existing Remittance Processing and Image Archive/Optima 3 IMS System platform of Windows NT. Consequently, the existing system software must be upgraded to include the latest version of the operating software. Since the hardware components of the existing Remittance Processing and Image Archive/Optima 3 IMS System do not support the upgraded operating software, to ensure ongoing System functionality, the existing hardware platform must also be upgraded to accommodate TTC's conversion to the latest, supported version of the operating system software.

The maximum amount of Amendment Number Two is \$430,219 of which \$68,505 is for System Upgrade acquisition costs, \$41,714 for professional services, specialized contingency fees, and \$320,000 for additional Optima 3 IMS licenses and the associated maintenance fees for expanded use of the system. TTC has funds appropriated in its current budget to cover the maximum amount of the Amendment.

The County's Chief Information Officer concurs with TTC's recommendation (see attached analysis).

The System Upgrade will be pre-staged at WFS headquarters in Mosinee, Wisconsin prior to delivery and set-up at the permanent site in TTC's payment processing center. This will enable software and hardware component testing with minimal disruption to TTC's operations. The System Upgrade is targeted for full implementation over a weekend, between critical processing jobs to mitigate any transition issues. This will provide sufficient lead-time prior to peak processing periods to complete acceptance testing and ensure that the System performs in accordance with the terms of the Agreement.

The approval of the recommended Amendment Number Two for the full implementation of the System Upgrade will enhance TTC's payment processing and public service functions.

If you should have any questions, please contact Mr. Henry Román, Assistant Treasurer and Tax Collector, at (213) 974-0703.

MJS: EVT: evt
Wausau Board Memo 11-10-04

Attachment

c: Henry Román



**COUNTY OF LOS ANGELES
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November 4, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER TWO TO AGREEMENT
NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC., TO PROVIDE AN
UPGRADE TO THE REMITTANCE PROCESSING AND IMAGE ARCHIVE SYSTEM
(3 VOTES)**

**CIO RECOMMENDATION: (X) APPROVE () APPROVE WITH MODIFICATION
() DISAPPROVE**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment Number Two to Agreement No. 72748 with Wausau Financial Systems, Inc. (WFS), for the provision of a hardware and software upgrade (Upgrade), associated ongoing hardware and software maintenance, and a provision for the purchase of additional user licenses, for the Treasurer and Tax Collector (TTC) Remittance Processing and Image Archive/Optima 3 IMS System, with a total maximum County obligation of \$430,219 over the remaining term of this Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 6, 2000, your Board approved an agreement with WFS (Agreement) for a Remittance Processing and Image Archive System (System). This System was implemented in August 2000 and currently processes over six (6) million payment transactions per year for various accounts receivable applications including property tax. The Remittance Processing component of the System provides an enhanced automated payment process including daily bank deposits, while the Image Archive component of the System supports the imaging of the payment transactions and provides a search engine to facilitate the archiving and research associated with the processed transactions.

On June 3, 2003, the Board approved Amendment Number One to the original agreement with WFS, which upgraded the Image Archive System component (currently known as Optima 3 IMS), providing TTC with a more robust document imaging and management system to better meet TTC's needs. Since the implementation of the upgraded Image Archive System, utilization of the document imaging system is expanding within TTC and among the client users. The proposed amendment will provide for the purchase of additional Optima 3 IMS user licenses to permit the projected expansion of the image management system.

Amendment Number Two (Amendment) to the Agreement will provide for system hardware and system software Upgrade to the Remittance Processing component of the System necessitated by manufacturer upgrades, obsolete products and discontinued technical support services. Effective January 1, 2005, Microsoft, Inc., will no longer support the existing Remittance Processing and Image Archive/Optima 3 IMS System platform of Windows NT. Consequently, the existing system software must be upgraded to include the latest version of the operating software. Since the hardware components of the existing Remittance Processing and Image Archive/Optima 3 IMS System do not support the upgraded operating software, to ensure ongoing System functionality, the existing hardware platform must also be upgraded to accommodate TTC's conversion to the latest, supported version of the operating system software.

Implementation of Strategic Goals

The System Upgrade is in accordance with this Department's approved Business Automation Plan. Implementation of this upgrade will also meet the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence. The upgraded Remittance Processing and Image Archive System platform will enhance TTC's electronic document management, thereby contributing to the County's goal of a paperless environment and continuous collaboration among departments to provide seamless service delivery.

FISCAL IMPACT/FINANCING

The maximum amount of Amendment Number Two is \$430,219 of which \$68,505 is for System Upgrade acquisition costs, \$41,714 for professional services, specialized contingency fees, and \$320,000 for additional Optima 3 IMS licenses and the associated maintenance fees for expanded use of the system. The Department has funds appropriated in its current budget to cover the maximum amount of the Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Chief Information Officer concurs with the Department's recommendation, (see attached analysis). The attached Amendment Number Two has been reviewed and approved as to form by County Counsel.

The latest County required contract provisions have been added under Amendment Number One to the Agreement.

Language in the recommended Amendment contains clear performance standards and includes monetary assurance provisions for non-performance.

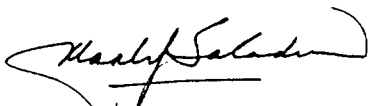
IMPACT ON CURRENT SERVICES

The System Upgrade will be pre-staged at WFS headquarters in Mosinee, Wisconsin prior to delivery and set-up at the permanent site in TTC's payment processing center. This will enable software and hardware component testing with minimal disruption to TTC's operations. The System Upgrade is targeted for full implementation over a weekend, between critical processing jobs to mitigate any transition issues. This will provide sufficient lead-time prior to peak processing periods to complete acceptance testing and ensure that the System performs in accordance with the terms of the Agreement. Full implementation of the System Upgrade will enhance TTC's payment processing and public service functions.

CONCLUSION

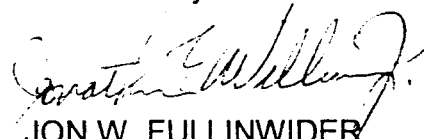
Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of Amendment Number Two to Agreement No. 72748 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

Reviewed by:



JON W. FULLINWIDER
Chief Information Officer

MJS:dhh

Attachments

c: Auditor-Controller
Chief Administrative Officer
Chief Information Officer
County Counsel

CIO ANALYSIS

TREASURER AND TAX COLLECTOR AMENDMENT TO AGREEMENT 72748 WITH WAUSAU FINANCIAL SYSTEMS INC.

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☒ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract

New/Revised Contract Term: Base Term: Yrs # of Option Yrs

Contract Components:

☒ Software ☒ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Anthony Yakimowich, Chief Deputy

Budget Information :

Y-T-D Expenditures	\$2,569,749
Requested Contract Amendment Amount	\$ 430,219
Aggregate Contract Amount	\$2,999,968

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

Project/Contract Description:

The Treasurer and Tax Collector (TTC) Remittance Processing and Image Archive System provides automated processing of over six million payment transactions per year for a variety of County accounts receivable applications, including property taxes, as well as document imaging and management of both payment documents and other documents in TTC.

TTC is requesting Board approval of Amendment Number Two to Agreement 72748 with Wausau Financial Systems, Inc. (WFS) for hardware, software and support services required to upgrade the existing remittance processing component of the system and to purchase additional Optima 3 Information Management System (IMS) users licenses – the document imaging and management system component. The upgrade for the remittance processing application is necessary because the system runs on a Windows NT platform, which will no longer be supported by Microsoft Corporation.

Background:

On June 6, 2000, the Board approved an Agreement with WFS for a turnkey Remittance Processing and Image Archive System and continuing hardware and software maintenance and a related software escrow agreement with WFS and DSI Technology Escrow Services. Both agreements were for a term of 60 months. The system was implemented in August 2000 and provides automated payment processing transactions supporting a variety of County accounts receivable applications, including property taxes, as well as providing image capture and retrieval of payment documents in various TTC public service areas.

On June 3, 2003, the Board approved Amendment Number One to Agreement 72748 upgrading the Imaging Archive component to the more robust document imaging and management, Optima (IMS). This system software provides improved document imaging and management, workflow, Computer Output to Laser Disk (COLD) processing capabilities as well as enhanced system security.

TTC is requesting approval of this Amendment to the WFS Agreement to upgrade the existing remittance processing component of the system and to purchase additional Optima 3 Information Management System (IMS) users licenses.

Project Justification/Benefits:

TTC's remittance processing application currently operates on a Windows NT 4.0 platform. In the past year, Microsoft Corporation announced their intent to end support for Windows NT 4.0 operating system (OS) software. The support for Windows NT based servers will end by December 31, 2004. Microsoft discontinued support for Windows NT for desktops computers June 30, 2004. This end of support means that patches to upgrade the software, including critical security patches will no longer be offered to support the NT operating system. The inability to obtain software updates exposes this mission critical application and the County's network to security risks.

This Amendment will support the migration of the remittance processing application to the latest version of Microsoft OS - Windows 2003 Server and Windows XP for the client stations. In addition, it will allow TTC to purchase additional licenses for Optima IMS to permit the expansion of image and document management within the Department and enable other departments, such as the Auditor-Controller and Assessor to access and use the system.

Project Metrics:

The TTC has identified specific tasks and deliverables tied to milestone dates for system upgrade. The contract requires 30 consecutive days of operation with no deficiencies following the cutover to production use. Further, it requires performance benchmark verification during the April 2005 tax season. During this period, system response time will be verified under peak load conditions over a two day period.

Impact If Proposal Is Not Approved:

Microsoft will be ending support of Windows NT based servers by December 31, 2004. Microsoft discontinued support for Windows NT for desktops computers June 30, 2004. Continuing to use this OS for this mission critical application beyond the termination date can expose this mission critical application and the County's network to significant security risks.

Alternatives Considered:

The Department leveraged its existing WFS agreement to obtain this system upgrade. No other alternatives were considered.

Project Risks:

The project risks are minimal and TTC has taken appropriate steps to mitigate any business or system disruption.

Risk Mitigation Measures:

Under this Amendment, WFS will purchase and configure system hardware, install OS software, and pretest the remittance process application before full implementation over a weekend in January to mitigate disruptions to TTC's payment processing operation, and maintain the system over the term of the Agreement.

Financial Analysis:

TTC has spent \$2,569,749 year-to-date on their existing agreement with WFS. The maximum contract amount of the Amendment is \$430,219, of which \$68,505 is for system upgrade costs, \$41,714 for professional services and contingency fees, and \$320,000 for additional Optima 3 IMS licenses and associated maintenance fees. The Department has funds appropriated in its current budget to cover the maximum amount of the Amendment.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this agreement.

CIO APPROVAL

Date Received:

10/03/2004

Prepared by:

James McLeary

Date:

11/04/2004

Approved:

Jonathan L. Williams

Date:

11/04/2004